

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON NIACT IMMEDIATE

C O N F I D E N T I A L STATE 138944

E.O. 11652: GDS

TAGS: EAIR, UK

SUBJECT: CIVAIR - US/UK CIVAIR NEGOTIATIONS

FOLLOWING IS TEXT OF MESSAGE FROM PRIME MINISTER CALLAHAN
TO PRESIDENT CARTER:

QUOTE. DEAR JIMMY: WHEN WE SPOKE ON 29 APRIL ABOUT THE
NEGOTIATIONS FOR A NEW AIR SERVICES AGREEMENT WE AGREED
THAT IT WAS UNTHINKABLE THAT WE SHOULD NOT ARRIVE AT A NEW
AGREEMENT, AND THAT WE SHOULD CONSULT TOGETHER TO RESOLVE
THE PROBLEM IF NECESSARY. I NOW HEAR VERY WORRYING NEWS
ABOUT THE LATEST TURN OF EVENTS.

AFTER OUR PREVIOUS CONVERSATION I HAD HOPED THAT OUR
RESPECTIVE TEAMS COULD CLOSE THE REMAINING GAPS BETWEEN
THEM, BUT NOW LEARN THAT YOUR TEAM, UNDER YOUR SPECIAL
ENVOY, AMBASSADOR ALAN BOYD, ON INSTRUCTIONS FROM
WASHINGTON, INSTEAD OF MOVING FORWARD TO MEET US HAS GONE
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BACK ON POSITIONS TAKEN UP AS RECENTLY AS 3 JUNE.

IN THE ALL-IMPORTANT MATTER OF THE CAPACITY CONTROL MECHANISM ACROSS THE NORTH ATLANTIC YOUR PEOPLES OFFER IS NOW
WORSE THAN IT WAS SOME WEEKS AGO. WE WERE PERFECTLY
PREPARED TO ADOPT THE STANDARD WHICH YOU YOURSELF PROPOSED

TO ME OF A 651 LOAD FACTOR BUT UNFORTUNATELY YOUR TEAM HAD REJECTED THIS. AS A RESULT THE WASTE OF FUEL AND OTHER RESOURCES WOULD CONTINUE.

AS REGARDS TRAFFIC RIGHTS THROUGH LONDON AND HONG KONG WE HAVE BEEN PREPARED TO MAKE SUBSTANTIAL CONCESSIONS (DESPITE THE FACT THAT WE HAVE VIRTUALLY NO REQUIREMENTS FOR WHAT YOU DESCRIBED TO ME AS ON-FLYING RIGHTS OUT OF THE U.S.). BUT YOUR SIDE CONTINUES TO PRESS FOR IMPORTANT OPPORTUNITIES THAT THEY DO NOT HAVE EVEN UNDER THE PRESENT AGREEMENT.

MOREOVER, I FIND THAT YOUR PEOPLE ARE IN PRACTICE DENYING THE PHILOSOPHY OF COMPETITION ON WHICH THEY HAVE TAKEN THEIR STAND--FOR EXAMPLE IN THE DIRECT SERVICES BETWEEN OUR TWO COUNTRIES THEY HAVE NOT SO FAR BEEN PREPARED TO GRANT US EQUAL RIGHTS. THEY WANT TO RETAIN SEATTLE AS AN AMERICAN MONOPOLY AND TO IMPOSE CONDITIONS ON THE HONG KONG AIRLINE (CATHAY PACIFIC) WHICH WOULD MAKE IT IMPOSSIBLE FOR IT TO OPERATE A COMPETITIVE SERVICE ACROSS THE PACIFIC TO THE U.S. WEST COAST. THEY ALSO CONTINUE TO INSIST ON PUTTING A SECOND U.S. AIRLINE ON THE LOS ANGELES-THEIR OWN STANDARDS, THE TRAFFIC IS UNSUFFICIENT TO WARRANT THIS.

I ALSO UNDERSTAND THAT THE U.S. SIDE HAVE PROPOSED AT THIS VERY LATE STAGE A CHARTER LINKAGE ARTICLE WHICH, IF WE WERE TO ACCEPT IT, WOULD PUT AT RISK THE MAIN SUBSTANCE OF THE NEW AGREEMENT.

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I ASK YOU TO TAKE A CLOSE PERSONAL LOOK AT THE SITUATION AND TO GIVE AMBASSADOR BOYD FRESH INSTRUCTIONS.

WARM REGARDS. JIM. END QUOTE.

CHRISTOPHER

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Message Attributes

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Sent Date: 15-Jun-1977 12:00:00 am
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Disposition Case Number: n/a
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Subject: CIVAIR - US/UK CIVAIR NEGOTIATIONS FOLLOWING IS TEXT OF MESSAGE FROM PRIME MINISTER CALLAHAN TO PRESIDENT CARTER
TAGS: EAIR, UK, US, (CARTER, JIMMY), (CALLAHAN, JAMES)
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